

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2302 – HB 2402

March 6, 2018

**SUMMARY OF ORIGINAL BILL:** Requires the Commissioner of the Department of Commerce and Insurance (DCI) to prepare a report outlining existing laws that establish fair debt buying practices in this state, if any, and include any recommendations for legislation to improve such practices. Requires the Commissioner to transmit the report electronically to the Governor and each member of the General Assembly no later than December 31, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014433):** Deletes all language after the enacting clause. Creates the *Fair Debt Buying Practices Act*. Establishes standards of communication for persons or entities which purchase delinquent or charged-off debt and subsequently seeks to recover such debt from a debtor through pursuit of a legal action. Establishes requirements applicable to debt buyers when conducting service of process and filing requirements for levying officers prior to executing a levying action against a judgment debtor. Establishes filing requirements of a debtor when making a claim of exemption pursuant to a levying action. Any violation committed by a debt buyer under this Act is considered a violation of the *Consumer Protection Act of 1977*, punishable as a class B misdemeanor. In addition, a debtor who has suffered as a result of a violation committed by a debt buyer may recover any actual damages sustained and any statutory damages in an amount as the court may allow per violation, no less than \$500, nor greater than \$10,000. Upon any successful action by a debt buyer, the court may award costs of the action with reasonable attorney's fees. The Attorney General is authorized to investigate complaints, undertake reviews of compliance of covered entities, and bring actions to enforce this Act.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- The Division of Consumer Affairs and the Attorney General can handle any increase in formal complaints, utilizing existing staff during normal work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- This legislation will create additional requirements upon debt buyers.
- Any additional requirements on debt buyers is estimated to have no significant impact on commerce or jobs in Tennessee.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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